

Message Text

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ACTION AF-08

INFO OCT-01 EB-07 NEA-10 ISO-00 /026 W

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R 291230Z SEP 76

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 2633

USDOC WASHDC

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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USDOC FOR AEPD

E.O. 11652: N/A

TAGS: BAGB, BEXP, SU

SUBJECT: MAJOR PROJECT: DAMAZIN AGRICULTURE CO.

REF: 75 STATE A-7008

SUMMARY: DAMAZIN AGRICULTURE CO. IS INTERESTED IN AMERICAN COMPANIES BOTH TO PROVIDE CONSULTING SERVICES AND IN POSSIBLE EQUITY PARTICIPATION. FINANCING OF THIS MAJOR LIVESTOCK PROJECT NOT YET CLEAR, BUT RESOURCES OF FOUNDERS APPEAR SUBSTANTIAL. THUS, THIS MAY BE MAJOR AGRI-BUSINESS OPPORTUNITY. END SUMMARY.

1. DAMAZIN AGRICULTURE CO. HAS BEEN GRANTED CONCESSION FOR DEVELOPMENT OF 500,000 FEDDANS (1 FEDDAN - 1.038 ACRES) IN VICINITY OF DAMAZIN IN BLUE NILE PROVINCE OF EASTERN SUDAN. PRELIMINARY PLANS ARE PRIMARILY FOR BEEF PRODUCTION. ALSO, FODDER AND OIL SEEDS WILL BE GROWN.

2. PRELIMINARY FEASIBILITY STUDY SHOULD BE COMPLETED BY END OF OCTOBER. THIS STUDY IS BEING PREPARED BY SUDANESE AGRONOMISTS AND ECONOMISTS. AFTER ITS COMPLETION, PROJECT PARTICIPANTS WILL BE
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INTERESTED IN DISCUSSING MORE DETAILED FEASIBILITY STUDY TO BE PREPARED BY FOREIGN FIRM. INTERESTED

AMERICAN FIRMS SHOULD CONTACT FATAH EL RAHMAN EL BASHIR, DIRECTOR, SHARAF GROUP, P.O. BOX 1701, KHARTOUM, SUDAN, TELEX: 281, EL BESHIR IS PROMINENT SUDANESE INDUSTRIALIST INVOLVED IN NUMBER OF SUBSTANTIAL PROJECTS WITH FOREIGN PARTICIPATION.

3. PROJECT FINANCING APPEARS PRELIMINARY. PRESENT EQUITY IS LS 3 MILLION (LS 1 EQUALS \$2.50) OF WHICH 60 PERCENT WILL BE OWNED BY PRINCE MOHAMED EL FAISAL OF SAUDI-ARABIA, 10 PERCENT BY THE PROVINCE OF DAMAZIN AND 30 PERCENT BY SUDANESE PRIVATE SECTOR. EL BESHIR SAYS THAT LATTER 30 PERCENT UNEQUALLY DIVIDED AMONG 6 SUDANESE GROUPS. HE CLAIMS THAT HIS GROUP OF COMPANIES (SHARAF GROUP) AND ANOTHER PROMINENT COMMERCIAL FAMILY HOLD LARGEST SHARE OF SUDANESE INTEREST. PRINCE MOHAMED EL FAISAL REPUTEDLY IS TO PROVIDE LS 50-60 MILLION IN DEBT FINANCING. EL BESHIR SAID THEY WOULD BE WILLING TO REVISE QUITY STRUCTURE TO INCLUDE AMERICAN PARTNER.

4. ORIGINAL PLANS CALLED FOR PRESENT MINISTER OF AGRICULTURE (ABBAS ABDEL MAGID) TO BE GENERAL MANAGER OF COMPANY WHEN HE WAS MINISTER OF STATE. PRESIDENT NIMEIRI ALLEGEDLY INFORMED PRINCE MOHAMED EL FAISAL THAT HE REQUIRED ABBAS ABDEL MAGID'S SERVICES AS MINISTER OF AGRICULTURE, BUT THAT THEY COULD SELECT ANY OTHER INDIVIDUAL FOR THIS POSITION.

5. SEE KHARTOUM 2743 FOR INFORMATION ON INFRASTRUCTURE PLANNING AND FINANCING WHICH WILL SUPPORT THIS PROJECT.

6. ACTION REQUESTED: WE WOULD LIKE TO SEE AN AMERICAN FIRM AWARDED FEASIBILITY STUDY FOR THIS MAJOR AGRICULTURAL PROJECT. WE ARE ASKING VISITING AMERICAN BUSINESSMEN AND BANKERS TO CONTACT EL BESHIR. IT WOULD BE WORTHWHILE FOR MEPD TO CONTACT INTERESTED AMERICAN COMPANIES. HOWEVER, EL BESHIR DOES NOT WISH TO BE FLOODED WITH POTENTIAL CONSULTANTS. THUS, PROJECT SHOULD NOT BE PUBLICLY ADVERTISED AND WE
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SUGGEST THAT CONTACTS FOR FEASIBILITY STUDIES BE MADE WITH COMPANIES WHICH ARE INTERESTED IN AND CAPABLE OF BECOMING EQUITY PARTNERS. BOGOSIAN

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 29 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KHARTO02845
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760368-0792
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976098/aaaaagnr.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE A-7008
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUN 2004 by BoyleJA>; APPROVED <16 JUN 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT: DAMAZIN AGRICULTURE CO.
TAGS: BAGB, BEXP, SU
To: STATE COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006